GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:31
ANSWERED ON:17.11.2016
Spike in Air Fares
Vellaigounder Shri Elumalai

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether there exists wide variation in air fares charged by different airlines on variety of factors, and if so, the details thereof;

(b) whether unreasonable spike in prices have been reported, especially during festival seasons and other emergent situations, and if so, the details thereof;

(c) whether the Directorate General of Civil Aviation (DGCA) has not been able to rein the airlines in moderating the tariff, and if so, the reaction of the Government thereto; and

(d) whether the Government proposes to place any mechanism to regulate and manage tariff so as to bring uniformity in pricing structure, and if so, the details thereof and if not, the reasons therefor?

Answer

Minister of CIVIL AVIATION

(Shri Ashok Gajapathi Raju Pusapati)

(a) to (d): A Statement is laid on the Table of the House.

Statement in reply to part (a) to (d) of Lok Sabha admitted Starred (*) Question No. 31 for 17.11.2016 regarding Spike in Air Fares.

(a) to (c): The domestic airline pricing runs in multiple levels (bucket or RBD) which is in line with the practice followed globally. The lower fare in the fare bucket is available for advance booking much earlier. As time lapses and date of journey approaches closer, the fare in higher side of fare bucket is made available as per the respective airline policy. Airlines are free to fix the reasonable tariff under the provision of Sub-rule (1) of Rule 135, Aircraft Rules 1937 having regard to all relevant factors, including the cost of operation, characteristics of service, reasonable profit and the generally prevailing tariff. The Directorate General of Civil Aviation (DGCA) has prescribed necessary regulations with regard to disclosing the airfares, and no case of violation of these regulations has been come to DGCA"s notice in recent times. ;

(d) Air fares are not regulated by the Government as they are determined by the interplay of market forces. Airlines remain compliant to the regulatory provisions of Sub-Rule 2 of Rule 135 as long as the fare charged by them does not exceed the fare established and displayed on their website.